

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION V

8 FEB 1988

SUBJECT: ACTION MEMORANDUM - Request for \$2 Million Exemption for the Removal Action at the I. J. Recycling site, Fort Wayne, Indiana (Site Spill ID #Q7)

FROM: Valdas V. Adamkus
Regional Administrator

TO: J. Winston Porter, Assistant Administrator
for Solid Waste and Emergency Response

EPA Region 5 Records Ctr.



224020

THRU: Timothy Fields, Director
Emergency Response Division

ISSUE:

The purpose of this memorandum is to obtain a waiver of the \$2,000,000 statutory limitation on removal actions and to increase the authorized ceiling for the removal action at the I.J. Recycling site, Fort Wayne, Indiana, from \$1,958,900 to \$3,429,000.

This proposed funding increase will allow the completion of this phase of the ongoing action and eliminate the immediate threat posed by the hazardous liquids contained in drums and in various bulk tanks. Many of the bulk tanks contain varying amounts of solids or sludges, in addition to liquids. Preliminary analyses indicated that the drums and tanks contain PCB, high concentrations of various metals including lead, cadmium and chromium, and other organic materials including phenol, cyanide, toluene, diethylphthalate, and bromoform, a Class B poison. The proposed funding will allow the disposal of the remaining drummed liquids, and will also allow the bulked liquids to be pumped off and disposed of according to the off-site policy.

This action will stabilize the site sufficiently so that negotiations can be conducted with the potentially responsible parties (PRPs) for the removal of sludges in the bulk tanks, decontamination of the various buildings, removal of the process piping and additional on and off-site sampling. Such a potential PRP action would be supervised by the Emergency Response Section (ERS) of the United States Environmental Protection Agency (U.S. EPA) under Section 106 Administrative Orders. In the event that the PRPs could not or would not address this last phase of the removal in an effective and timely manner, the Emergency Response Section would then propose to continue its actions. Such a tank demolition phase would be the subject of an additional action memorandum. The site is not on the National Priorities List (NPL).

DISCUSSION:

I.J. Recycling is located at 3651 Clinton Street, Allen County, Fort Wayne, Indiana. The facility includes three main buildings, a fire house, two pump houses, and a tank farm. The site is bordered by small businesses, nearby residential areas and the Glenbrook Mall, the largest shopping

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mall in the State of Indiana. Various schools and apartment complexes are also in the immediate area. The Fort Wayne fire chief stated that a survey reported that on a typical weekend an estimated 55,000 people would be found at any given time in and around this shopping center.

The facility, formerly known as Continental Waste Systems, began operations in 1981 as a waste recovery and reclamation facility, handling waste oils and solvents along with other various hazardous wastes. Some of the treatment methods utilized included oil/water separation, acid/base neutralization, and distillation.

The facility closed in 1985, due to pressure from the City after several spills and fires. A potential buyer (Chemisphere) was found in June 1985. Following a January 1985 inventory of the facility for the City by Pollution Control Systems, the Small Business Administration, who had a financial interest in the property, requested the U.S. EPA conduct a site assessment to determine if there was any risk to the health or environment before approval of the sale of the property. The U.S. EPA and its Technical Assistance Team (TAT) conducted the inspection on February 25, 1985, and made various recommendations including activating the sprinkler system, providing site security, and daily site inspections to detect leaking drums and unsafe conditions.

The State of Indiana issued an Agreed Entry of a Preliminary Injunction to I.J. Recycling for Resource Conservation and Recovery Act (RCRA) violations on March 22, 1986. This order prevented the company from accepting any additional hazardous material until they reduced their existing inventory. The State did allow I.J. Recycling to continue to accept non-hazardous waste oils for processing in order to generate a cash flow.

According to the Deputy Attorney General for the State of Indiana, the State has a preliminary injunction against the I.J. Recycling facility. Mr. Frederick Cook, the owner of the facility, has stated that he has no funds to undertake the remaining cleanup activities, although he has not yet filed for Chapter 7 protection. The Indiana Attorney General's office is investigating the possibility of pursuing civil penalties against both Mr. Cook and his partner under a separate company, Mr. Ivo Zoso and Zoso Partners, respectively, for numerous State violations. Since the U.S. EPA is funding the removal action through the drum and bulked liquid phase, and the generators are at this time likely to be ordered with the remaining site activities, the Indiana Attorney General's office will only ask that Mr. Cook and Mr. Zoso clean up their Covington Road site, which is a separate I.J. Recycling site at which the Agency has had its Technical Assistance Team (TAT) do a site assessment. The site was essentially a receiving yard for hazardous material before being sent to the main I.J. Recycling plant for processing. The Agency has not determined if a removal will be forthcoming at the Covington Road site.

Following is the chronology of U.S. EPA Emergency Response Section involvement in the I.J. Recycling facility in Fort Wayne, Indiana:

February 25, 1985

A site inspection was conducted at the request of the Small Business Administration. Various recommendations were made, involving security, activating a sprinkler system and daily inspections of the drums stored on the site.

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January 3, 1986

An investigation of a December 24, 1985, chemical spill was conducted to determine if a removal would be warranted. At the request of the State, no removal action was taken because the State was working with the company in an attempt to bring it into RCRA compliance.

September 23, 1986

A site investigation was conducted at the request of the Mayor of Fort Wayne following a chemical fire at the facility on September 9, 1986. An On-Scene Coordinator conducted the inspection accompanied by the fire chief, the mayor and a member of the city's Hazardous Materials Response Team. It was evident that the facility was not kept in good operating condition. Leaking roofs caused standing water in several locations. The basement of Building A contained much standing water, presumably from the fire fighting effort. Many broken windows were in evidence, adding to the water problem. The fire chief pointed out numerous violations of city electrical codes. Damaged PVC piping was noted in several locations.

Although the majority of the 2,700 drums on the site were in good condition, a considerable number of "leakers" were observed. Their leakage was being contained by the usage of "OilDri," an absorbent. General housekeeping throughout the facility was poor. Drums were found in almost every room and hallway of the facility. Debris from a spill in December 1985 was piled in one of the buildings. Air monitoring detected elevated levels of organic vapors adjacent to the debris. The three tankers on-site which were partially full of sludges and waste posed an additional problem, due to numerous leaks. Many of the drums had conflicting labels, numbers, and symbols. As reported by the State, many drums were passed from owner to owner, each with a different marking system. Serious doubts existed as to their correct segregation.

It was apparent that the company had lost its ability to manage, treat, and dispose of the hazardous materials in the vast number of drums and bulk storage containers found on the site.

November 3, 1986

The U.S. EPA ERS initiated a removal action to stabilize the site which characterized the contents of more than 3,000 drums of unknown hazardous material by waste stream. These drums were moved from the various rooms, hallways, and basement to a single, structurally sound building in which a special heating system was installed. Process piping and Fiberglass tanks were drained and their contents either were stored or analyzed and drained into the city's sanitary system. Twenty-four hour security was provided

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once the site was demobilized on December 2, 1986. This action left the site sufficiently secure to sustain that winter.

Summer of 1987

After the initial site stabilization the Company attempted to arrange a site cleanup by selling the property to an organization capable of conducting the cleanup. These negotiations failed during the Summer of 1987.

June 18, 1987

The transportation and incineration of 40 5-gallon pails of toluene diisocyanate (TDI) was carried out by U.S. EPA as part of the stabilization removal action.

October 19, 1987

Initiation of the present removal action to remove liquids from the site.

The action memorandum authorizing a removal action at the I.J. Recycling site was signed by Robert Springer, Assistant Regional Administrator, on October 14, 1986. An action memorandum addendum clarifying the project's scope was signed by Frank Covington, Deputy Regional Administrator, on March 3, 1987. A ceiling increase for the disposal of drummed waste was approved by Frank Covington, Deputy Regional Administrator, on August 13, 1987. The 12-month exemption for the I.J. Recycling site was approved by Basil G. Constantelos, Director of the Waste Management Division, on October 7, 1987. This requested ceiling increase is needed to complete the on-going disposal of drummed waste and bulk tanks.

STATUTORY CRITERIA:

The I.J. Recycling site continues to pose the following actual or potential threats to human health and the environment as delineated within Section 300.65(b)(2) of the National Contingency Plan (NCP):

- a) Potential exposure of hazardous substances to people, animals or food chain.
- b) Potential contamination of drinking water or other sensitive ecosystems.
- c) Hazardous substances in drums and tanks that may pose a threat of release.
- d) Threat of fire or explosion.

The above threats are documented by analyses done on a few, randomly selected drums and tanks. Results show hazardous materials including phenol, diethyl-phthalate, methyl phenol, toluene, xylene, tetrachloroethene and bromoform, a Class B poison.

This is a time critical removal. This facility was only made temporarily secure to endure last winter. The rented, specially designed heating system has been removed, and the buildings have deteriorated considerably, as have several of the bulk storage tanks.

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Section 104 (c)(1) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as amended by the Superfund Amendments and Reauthorization Act (SARA) limits Federal removal actions to \$2,000,000 unless three criteria are met:

1. Continued response actions are immediately required to mitigate an emergency.
2. There is an immediate risk to public health and the environment; and
3. Such assistance will not otherwise be provided on a timely basis.

The significance of the above criteria as they apply to the I.J. Recycling site is as follows:

1. Continued response actions are immediately required to mitigate an emergency.

Analyses done on a few randomly selected drums and tanks show hazardous materials, including phenol, diethyl phthalate, methyl phenol, toluene, xylene, tetrachlorethene and bromoform, a Class B poison. Drums of unknown hazardous substances in unheated buildings of very questionable structural integrity, as well as hundreds of thousands of gallons of bulk storage chemicals, constitute a significant threat of fire and explosion and a threat of direct contact to acutely toxic substances (bromoform, a Class B poison). This is evidenced by a hazardous chemical spill of December 1985 and the fire of September 9, 1986, during which thousands of nearby residents and the nearby Glenbrook Mall shopping center, reportedly the largest in the State, were evacuated. The bulked liquids with a very high BTU content, together with the questionable integrity of some of the tanks, pose a very serious danger of fire and explosion.

2. There is an immediate risk to human health and the environment.

A direct pathway for release to the St. Joseph River exists, as evidenced by an earlier chemical spill. The St. Joseph River is used by the City of Fort Wayne and other downstream communities as a source of drinking water. Furthermore, the tremendous nearby population constitutes the basis for an emergency should an incident take place as nearly occurred in September 1986. The bulked liquids with a very high BTU content (due in part to the phenols, toluene, xylene and tetrachloroethene), along with the questionable integrity of some of the tanks, pose a very serious threat of fire and explosion, as well as a threat of direct contact to acutely toxic substances (bromoform, a Class B poison).

3. Assistance will not otherwise be provided on a timely basis.

The owners/operators of this facility have been unwilling to contribute or to take any action of their own. Two Section 106 Administrative Orders have been issued to the owners/operators; on October 14, 1986, before Phase I (stabilization) was initiated, and on September 3, 1987, before Phase II (cleanup) commenced. None of these PRPs indicated a willingness to perform the necessary removal actions in either instance. Due to the large number (over 300) of generators, any financial assistance from them will not be available in the near future.

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Consistency with long-term remedial action. Section 104(a)(2) of CERCLA, as amended by SARA, requires that removals must "contribute to the efficient performance of any long-term remedial action." This proposed action constitutes a removal of the hazardous liquids from the site. This is an essential step in the long-term site cleanup and is consistent with any long-term remediation of the site.

1. What is the long-term cleanup plan for the site? Although no formal long-term cleanup plan exists for the site, it is evident that all hazardous materials must be removed, the building should be decontaminated and the ground water tested for contamination.
2. Which threats require attention prior to the start of the long-term action? The liquids on the site constitute a fire and explosion threat and, if stored indefinitely, will eventually leak and accelerate the deterioration of the structures.
3. How far should the removal action go to assure that the threats are adequately abated? All liquid wastes should be removed from the site and all solids sampled and identified to assure that they do not present health threats. Removal of the liquids will stabilize the site sufficiently to provide an extended period of time for negotiations with over 300 generators who are PRPs for the site.
4. Is the proposed action consistent with the long-term remedy? Yes. The completion of the removal will remove all liquids from the site and will provide information on the remaining hazardous solid wastes which is essential to a long-term remedy. A referral will be made to the remedial program for NPL consideration.

ENFORCEMENT:

Work is actively underway to involve over 300 generators to complete the final, and less immediate part of this action. An CERCLA §106 Administrative Order to the generators is anticipated. A property lien has been placed on this property by the U.S. EPA and various legal proceedings are underway regarding a Chapter 7 bankruptcy by a former owner.

PROPOSED ACTION:

The proposed action consists of those activities necessary to complete this removal action, namely the disposal of the remaining drums and the liquid contents of the tanks on-site.

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Costs for the current removal actions are as follows:

	<u>Current Ceiling^a</u>	<u>Proposed Increase</u>	<u>Proposed Ceiling</u>
Cleanup contractor	\$1,757,200	\$1,057,800	\$2,815,000
Contingency (15%)	-0-	160,000	160,000
<u>Subtotal</u>	<u>\$1,757,200</u>	<u>\$1,217,800</u>	<u>\$2,975,000</u>
 TAT	 118,400	 51,600	 170,000
<u>Extramural subtotal</u>	<u>\$1,875,600</u>	<u>\$1,269,400</u>	<u>\$3,145,000</u>
Extramural contingency	-0-	191,000	191,000 ^b
=====	=====	=====	=====
<u>EXTRAMURAL TOTAL</u>	<u>\$1,875,600</u>	<u>\$1,460,400</u>	<u>\$3,336,000</u>
 U.S. EPA Direct	 \$ 30,000	 \$ 3,400	 \$ 33,400
U.S. EPA Indirect	53,300	6,300	59,600
=====	=====	=====	=====
<u>INTRAMURAL TOTAL</u>	<u>\$ 83,300</u>	<u>\$ 9,700</u>	<u>\$ 93,000</u>
 PROJECT TOTAL	 \$1,958,900	 \$1,470,100	 \$3,429,000

NOTES:

- ^a Costs presented reflect actual current ceilings after redirection of contingency funds, but do not change either the extramural total or the project total shown on the action memorandum of August 13, 1987.
- ^b This extramural contingency can be obligated as needed between the cleanup contractor and TAT (e.g., \$183,000 for a cleanup contractor contingency, and \$8,000 for a TAT contingency).

This action will stabilize the site sufficiently so that negotiations can be conducted with the PRPs for the removal of sludges in the bulk tanks, decontamination of the various buildings, removal of the process piping and additional on and off-site sampling. Such a potential PRP action would be supervised by the ERS of the U.S. EPA under Section 106 Administrative Orders. In the event that the PRPs could not or would not address this last phase of the removal in a timely manner, the ERS would then propose to continue its actions. Such a tank demolition phase would be the subject of an additional action memorandum.

RECOMMENDATION:

Because conditions at the I.J. Recycling site in Fort Wayne, Indiana, meet the NCP §300.65 criteria for a removal action and the CERCLA §104 (c)(1) criteria for a waiver of the \$2,000,000 limitation on removal actions, your approval of the requested waiver and ceiling increase are recommended. With your approval, the project ceiling will rise from \$1,958,900 to \$3,429,000, of which \$3,158,000 (\$2,815,000 line item, plus \$160,000 contingency, plus

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\$183,000 of the extramural contingency) are extramural cleanup contractor costs. You may indicate your decision by signing below.

for Frank M. Covington
Valdas V. Adamkus

APPROVE:

Assistant Administrator for
Solid Waste & Emergency Response

DATE: _____

DISAPPROVE:

Assistant Administrator for
Solid Waste & Emergency Response

DATE: _____

Attachment

ATTACHMENT I

Estimate of Removal Costs
I.J. Recycling Site, Fort Wayne, Indiana

A. Costs Needed to Complete Drum Disposal	\$ 500,000
B. Costs Needed to Complete Bulk Liquid Disposal	
1. Personnel	\$ 51,000
2. Equipment	25,500
3. Analytical	27,000
4. Materials	9,000
5. Transportation for treatment	55,500
6. Transportation for incineration	19,000
7. Demurrage	9,000
8. Treatment Costs	231,000
9. Incineration Costs	130,800
Subtotal	<u>\$ 557,800</u>
Cleanup contractor subtotal	\$1,057,800
Contingency(15%)	160,000
Subtotal	<u>\$1,217,800</u>
TAT	51,600
Extramural subtotal	<u>\$1,269,400</u>
Extramural contingency (15%)	191,000
=====	=====
EXTRAMURAL TOTAL	\$1,460,400
U.S. EPA Direct (\$30 per hr.) x (103 Regional hrs. + 10 HQ hrs.)	\$ 3,400
U.S. EPA Indirect (\$61 per hr.) x (100 Regional hrs.)	6,300
=====	=====
INTRAMURAL TOTAL	\$ 9,700
PROJECT TOTAL	\$1,470,100